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INFO AMCONSUL MONTREAL
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E.O. 11652: GDS
TAGS: ENRG, PBOR, PDEV, PINT, SENV, SGEN, CA
SUBJECT: THE INUIT LANDS OF CANADA'S HIGH ARCTIC

REF: OTTAWA A-168, MARCH 12, 1976

1. SUMMARY: FOLLOWING REPORT OUTLINES BASIC ELEMENTS OF GOC SOCIAL, POLITICAL AND ECONOMIC POLICY IN HIGH ARCTIC AND DESCRIBES CURRENT STATUS OF RESOURCE DEVELOPMENT IN REGION. REPORT IS BASED ON RESEARCH, CONVERSATIONS WITH GOC OFFICIALS AND IMPRESSIONS ACQUIRED DURING AMBASSADOR'S APRIL 4-8 TRIP THROUGH THE REGION.
 2. EASTERN AND HIGH ARCTIC REGIONS OF CANADA REMAINED LARGELY ISOLATED UNTIL PERIOD IMMEDIATELY FOLLOWING WORLD WAR II. GOC, OUT OF CONCERN FOR CONDITION OF INUIT (ESKIMO) PEOPLE AND SOVEREIGNTY IN REGION, LAUNCHED MAJOR EFFORT TO PRESERVE AN AUTHENTIC INUIT SOCIETY. PROGRAM GREW INTO WHAT IS NOW MASSIVE SUBSIDY OF INUIT LIFE STYLE AND HAS LED TO GATHERING OF FORMERLY NOMADIC INUIT POPULATION INTO SMALL COMMUNITIES SCATTERED THROUGHOUT REGION.
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GOC HAS UNDERWRITTEN HOUSING, SCHOOLING, PROMOTION OF NATIVE LANGUAGE USE, DEVELOPMENT AND COMMERCIALIZATION OF ARTS AND CRAFTS, FORMATION OF LIMITED LOCAL SELF-GOVERNMENT AND, ULTIMATELY, FORMULATION AND PRESENTATION OF NATIVE LAND CLAIMS. POLICY HAS AMOUNTED TO A POLITICAL, ECONOMIC AND CULTURAL BLANK CHECK FOR INUIT. PERMISSIVE STANCE OF GOC IN SUPPORTING CLAIM FORMULATION RESULTED

IN MAXIMALIST POSITION BY INUIT WHICH GOC WILL REDUCE ONLY AT POSSIBLY SIGNIFICANT POLITICAL COST.

3. POTENTIALLY COMMERCIAL DEPOSITS OF IRON, LEAD AND ZINC HAVE BEEN DISCOVERED IN HIGH ARCTIC, BUT FOR A LONG TIME TO COME ONLY RICHEST OR LARGEST OF THESE ARE LIKELY TO BE DEVELOPED. SO FAR, ONLY ZINC-LEAD DEPOSITS ON BAFFIN ISLAND ARE BEING EXPLOITED. BAFFIN ISLAND IRON ORE EXPLOITATION IS AT LEAST A GENERATION AWAY DUE TO HIGH INFRASTRUCTURE COSTS AND SHORT SHIPPING SEASON WHICH WILL REQUIRE USE OF VERY LARGE BULK CARRIERS WHICH HAVE NOT YET BEEN DEVELOPED. PLANS TO DEVELOP LITTLE CORNWALLIS' LEAD-ZINC FIND HAVE BEEN ABANDONED DUE TO WHAT DEVELOPER CONSIDERS EXCESSIVE RISK.

4. HIGH ARCTIC GAS PLAY ALSO REMAINS QUESTIONABLE DUE TO HIGH COST OF DELIVERED PRODUCT IN SOUTH (DOLS 4 TO DOLS 6 PER MCF.) LNG TRANSPORT SYSTEM WOULD ENABLE EXPLOITATION OF EXISTING PROVEN OR PROBABLE RESERVES PROVIDED A MARKET COULD BE FOUND FOR PRODUCT. IN CANADA THIS WOULD REQUIRE A SHIFT FROM UNIFORM TO FOLDED-IN PRICING. U.S. MARKET WOULD PROBABLY BE LIMITED TO PEAK SHAVING. PRESENT PROVEN AND PROBABLE RESERVES ARE 15 PLUS TCF. AT A HIGHER LEVEL OF RESERVES (PROBABLY 20 TO 30 TCF), POLAR GAS PIPELINE PROJECT MAY BECOME FINANCABLE. PANARCTIC REGARDS POLAR PROJECT AS COMPETITIVE WITH ARCTIC GAS PROPOSAL FOR A MACKENZIE VALLEY LINE AND THEIR EXPECTATION IS THAT HIGH ARCTIC GAS DEVELOPMENT WILL BE DELAYED OR ACCELERATED DEPENDING ON DECISION ON MACKENZIE LINE. RESULTANT
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UNCERTAINTY HAS CAUSED GRADUAL EXPLORATION DOWNSWING IN HIGH ARCTIC WITH PANARCTIC AND ITS JOINT VENTURE PARTNERS NOW EMPHASIZING OIL PRODUCTION IN EFFORT TO GET SOME RETURN FROM THEIR INVESTMENT OF APPROXIMATELY DOLS 500 MILLION.

5. FUTURE OF INUIT IN NORTH WILL BE AFFECTED IN LARGE MEASURE BY HIGH BIRTH RATE AND EXTRAORDINARILY YOUNG DISTRIBUTION OF POPULATION. RESULTING POPULATION INCREASE WILL RAISE DEMAND FOR JOBS TO POINT WHERE THIS COULD BECOME DOMINANT INFLUENCE ON GOC SOCIAL AND ECONOMIC POLICY IN HIGH ARCTIC OVER NEXT 20 YEARS. PRESSURE ON FEDERAL GOVERNMENT TO ABANDON PRESENT HOT-HOUSE APPROACH TO INUIT COMMUNITIES WILL MOUNT. GOVERNMENT SUCCESS IN DEVELOPING NEW POLICY COULD BE VERY MUCH INFLUENCED BY TERMS OF INUIT CLAIMS SETTLEMENT. CONDITIONS IMPOSED ON RESOURCE DEVELOPMENT BY CLAIMS SETTLEMENT WILL ALSO HAVE SIGNIFICANT BEARING ON ECONOMIC VIABILITY OF OIL, GAS AND MINERAL EXTRACTION PROJECTS. END SUMMARY.

6. TOWARD PRESERVATION OF AN AUTHENTIC INUIT SOCIETY

A. INUIT IN A CHANGING NORTH: THERE ARE APPROXIMATELY 100,000 INUIT IN CIRCUMPOLAR REGION WHICH ENCOMPASSES PARTS OF CANADA, DENMARK (GREENLAND), U.S.S.R. AND U.S. ABOUT 24,000 OF THEM LIVE IN CANADA, 13,000 LIVE IN NORTH-WEST TERRITORIES (NWT); REMAINDER LIVE IN QUEBEC AND LABRADOR. ALL INUIT HAVE BEEN AFFECTED BY ENCROACHMENT OF WHITE SOCIETY. INTRODUCTION OF MATERIAL GOODS, ESPECIALLY FIREARMS, TRANSFORMED THEIR ANCIENT NOMADIC AND SELF-SUFFICIENT LIFE STYLE TO ONE INCREASINGLY SETTLED

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AND DEPENDENT ON TRADE GOODS PROVIDED BY WHITES. UNTIL AFTER WORLD WAR II, HOWEVER, CANADIAN INUIT LIVED A FAIRLY PRIMITIVE AND NOMADIC LIFE IN A REMOTE AND SPARSELY POPULATED REGION. THEY OBTAINED ALL BASIC ESSENTIALS, FOOD, CLOTHING AND SHELTER, FROM THE LAND. THE WAR AND RAPID DEVELOPMENT OF LONG RANGE AIR TRAVEL ACROSS ARCTIC BROKE DOWN THE ISOLATION OF CANADA'S NORTH. CONSTRUCTION OF MILITARY AIRFIELDS, WEATHER STATIONS, AND THE DEW LINE INTRODUCED INUIT TO OUTSIDE WORLD IN AN ABRUPT AND SOME-TIMES SOCIALLY PAINFUL FASHION.

B. GOC POLICY TOWARD INUIT: OUT OF CONCERN FOR SITUATION OF INUIT AND SOVEREIGNTY OVER REGION, GOC BEGAN IN EARLY 1950'S TO TAKE MEASURES TO PREPARE INUIT FOR A ROLE IN

CHANGING ARCTIC. GOVERNMENT INITIATED COMPREHENSIVE PROGRAM OF SOCIAL, ECONOMIC AND POLITICAL DEVELOPMENT INTENDED TO EQUALIZE ECONOMIC OPPORTUNITY FOR INUIT WHILE AT SAME TIME ENABLING THEM TO RETAIN AS MUCH OF THEIR CULTURE AS THEY WISH SO THAT AS A GROUP THEY PARTICIPATE IN AND CONTRIBUTE TO CANADA'S MULTICULTURAL SOCIETY. TOWARD THIS END FEDERAL GOVERNMENT DIRECTLY, OR THROUGH CONFIDENTIAL

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THE GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT), HAS UNDERTAKEN A BROAD RANGE OF PROGRAMS TOUCHING MANY ASPECTS INUIT LIFE. TANGIBLE RESULT HAS BEEN THE END OF NOMADIC INUIT LIFE STYLE AND ESTABLISHMENT THROUGHOUT AREA OF SMALL COMMUNITIES, PREDOMINANTLY INUIT IN POPULATION, SOME OF WHICH -- FROBISHER BAY, RESOLUTE AND INUVIK -- ARE HEADQUARTERS FOR GOVERNMENT ADMINISTRATION OR LOGISTICAL SUPPORT OF OIL, GAS AND MINERAL DEVELOPMENT IN THE REGION. CANADIAN POLICIES CONTRAST SHARPLY WITH SOVIET POLICY IN ARCTIC WHICH HAS LED TO ESTABLISHMENT OF LARGE, WHITE EUROPEAN POPULATION CENTERS IN THE FAR NORTH. THIS ALL-ENCOMPASSING EFFORT TO SUSTAIN AN AUTHENTIC INUIT CULTURE IN THE NORTH IS COMPOSED OF THE FOLLOWING ELEMENTS:

(1) GOVERNMENT: A KEY FACET OF GOC POLICY IN NORTH IS TO ENCOURAGE SELF-GOVERNMENT AMONG NATIVE PEOPLES. IMPORTANT MILESTONES IN THIS EFFORT ARE TAKEOVER IN 1969 OF PROVINCIAL-TYPE FUNCTIONS BY GNWT FROM FEDERAL DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS (DINA), AND TRANSITION OF 15-MEMBER LEGISLATIVE COUNCIL TO FULLY-ELECTED STATUS IN 1974. SIX OF NINE-MEMBER NATIVE MAJORITY ON COUNCIL ARE INUIT. LOCAL GOVERNMENT FUNCTIONS ARE CARRIED ON UNDER PROVISIONS OF GNWT MUNICIPAL ORDINANCE BY 20 INCORPORATED COMMUNITIES AND 29 OTHERWISE ORGANIZED SETTLEMENTS, ALL WITH ELECTED COUNCILS WHICH ARE PREDOMINANTLY INUIT. DEVELOPMENT OF VIABLE SELF-GOVERNMENT, HOWEVER, HAS BEEN HAMPERED BY SERIOUS PROBLEMS: NORTH IS VAST AND UNDERPOPULATED; REVENUES ARE LOW AND EXPENDITURES HIGH; ECONOMIC GROWTH IS SLOW; AND, PERHAPS MOST SIGNIFICANT, GNWT IS RELATIVELY INEXPERIENCED IN MANAGING ITS QUASI-PROVINCIAL RESPONSIBILITIES.

(2) HEALTH AND SOCIAL DEVELOPMENT: BASIC SOCIAL AND WELFARE PROGRAMS ARE PROVIDED MAINLY BY GNWT WITH RESPONSIBILITY FOR HEALTH SERVICES FOR INUIT AND OTHER CONFIDENTIAL

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RESIDENTS SHARED WITH FEDERAL GOVERNMENT. HOSPITAL AND MEDICAL CARE PROGRAMS ARE PROVIDED AT NO COST TO RESIDENTS. HEALTH FACILITIES RANGE FROM MODERN HOSPITALS IN LARGER CENTERS TO NURSING STATIONS IN SMALL COMMUNITIES. COMPLETE MEDICAL CARE IS AVAILABLE ONLY IN HOSPITALS. HOWEVER, THERE IS PROFESSIONAL ATTENTION FOR ALL AND PATIENTS ARE TRANSPORTED TO THE NEAREST HOSPITAL OR TO FACILITIES IN THE SOUTH WHEN REQUIRED. HEALTH POLICY OBJECTIVES ARE TO REDUCE INFANT MORTALITY AND TO CONTINUE EFFORT TO REDUCE TUBERCULOSIS AND OTHER COMMUNICABLE DISEASES. INFANT MORTALITY AND TUBERCULOSIS HAVE BEEN REDUCED SIGNIFICANTLY. VENEREAL DISEASIS HOWEVER STILL WIDESPREAD; IN MANY INSTANCES IT IS ASSOCIATED WITH INFLUX OF SOUTHERN WORKERS. ALCOHOLISM TOO, REMAINS A SERIOUS PROBLEM IN THE NORTH AND AT LOCAL REQUEST GNWT HAS RECENTLY IMPOSED PROHIBITION AT ONE SETTLEMENT AND CLOSED THE LIQUOR STORE AT ANOTHER. GNWT PROVIDES FUNDING FOR RECREATIONAL FACILITIES AND PROGRAMS. EXISTING FACILITIES SUCH AS SCHOOL GYMNASIUMS ARE USED AND NEW FACILITIES INCLUDING SUCH MAJOR PROJECTS AS ICE ARENAS AND PORTABLE SWIMMING POOLS HAVE BEEN CONSTRUCTED. CORRECTIONAL SERVICES ARE BEING DECENTRALIZED AND LOCALISED IN HOPE THAT RETAINING INMATES CLOSER TO THEIR HOME COMMUNITIES WILL ACT AS POSITIVE FACTOR IN THEIR REHABILITATION.

(3) HOUSING AND COMMUNITY SERVICES: MAIN HOUSING PROGRAM FOR THE INUIT HAS BEEN NORTHERN RENTAL HOUSING AGENCY WHICH STARTED IN EASTERN ARCTIC IN 1966 AND NOW SERVES THROUGHOUT TERRITORIES. PROGRAM PROVIDES A HOUSE WITH HEAT, LIGHT AND SEWER/WATER SERVICES WITH RENTAL

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GEARED TO INCOME. ABOUT 2,500 HOUSES ARE PROVIDED IN NWT UNDER THIS PROGRAM.

(4) EDUCATION: IN 1955 DEPARTMENT OF NORTHERN AFFAIRS LAUNCHED A MAJOR PROGRAM TO BUILD SCHOOLS AND STUDENT RESIDENCES THROUGHOUT TERRITORIES TO REPLACE ANGLICAN AND ROMAN CATHOLIC CHURCH SCHOOLS. SCHOOLING NOW COVERS KINDERGARTEN THROUGH GRADE 12 AND INCLUDES VOCATIONAL TRAINING. CONTINUING AND SPECIAL EDUCATION IS PROVIDED FOR ADULTS. ALTHOUGH SCHOOL POPULATION IS LEVELING OFF NOW, ENROLLMENT OF INUIT INCREASED BY 38 PERCENT BETWEEN 1969 AND 1975. IN 1975-76 THERE WERE 5,141 STUDENTS REGISTERED, NOT INCLUDING ADULTS, SPECIAL AND VOCATIONAL STUDENTS. DURING EARLY STAGE OF PROGRAM CURRICULUM WAS ORGANIZED LIKE THOSE OF SOUTHERN PROVINCES, BUT SINCE GNWT TOOK OVER PROGRAM NEW CURRICULA ARE BEING DEVELOPED WHICH RECOGNIZE INUIT LANGUAGE AND CULTURE. IMPLEMENTING GNWT POLICY OF TEACHING PRIMARY GRADES IN INUKTITUT (THE INUIT LANGUAGE), HOWEVER, HAS PROVEN VERY DIFFICULT DUE TO SHORTAGE OF INUIT TEACHERS. ALTHOUGH PROGRAM IS DESIGNED TO BE RELEVANT TO INUIT CULTURE IT NEVERTHELESS CONFIDENTIAL

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IS SPEEDING DESTRUCTION OF OLD WAY OF LIFE. AVERAGE CHILD ATTAINS A LEVEL OF EDUCATION FAR BEYOND WHAT WAS POSSIBLE IN PAST. THIS SERIOUSLY TROUBLES INUIT FAMILIES BECAUSE CHILDREN OFTEN SURPASS THEIR PARENTS IN GRASP OF MODERN LIFE AND KNOW LITTLE OF TRADITIONAL SKILLS. GNWT HOPES TO ALLEVIATE THIS GENERATIONAL ESTRANGEMENT THROUGH ITS ADULT EDUCATION PROGRAMS, BUT PROBLEM REMAINS A SERIOUS ONE.

(5) TRAINING AND EMPLOYMENT: AS SEARCH FOR ARCTIC OIL, GAS AND MINERALS DEVELOPS, GOVERNMENT IS ATTEMPTING TO PROVIDE MAXIMUM OPPORTUNITY FOR INUIT EMPLOYMENT IN THESE ACTIVITIES CONSISTENT WITH THEIR NEEDS AND ASPIRATIONS. ALTHOUGH EFFORTS ARE BEING MADE TO TRAIN INUIT AND PROVIDE A SUPPORTIVE ATMOSPHERE IN WHICH TO LEARN ABOUT THE WAGE-EARNING ECONOMY THROUGH ON-THE-JOB TRAINING, MANY INUIT ARE NOT WILLING TO COMMIT THEMSELVES TO MOBILITY OR DEPENDABILITY REQUIRED BY WAGE ECONOMY. NEVERTHELESS, SOME HAVE SUCCESSFULLY ADAPTED THEIR LIFE STYLE TO PARTIAL COMMITMENT TO WAGE ECONOMY AND ARE VALUED EMPLOYEES OF ORGANIZATIONS OPERATING IN THE NORTH.

(6) INUIT ECONOMIC DEVELOPMENT: BASIS OF THIS POLICY ELEMENT ARE INUIT COOPERATIVES FIRST ORGANIZED IN 1959. BY 1976 THERE WERE 50 OF THESE MULTIPURPOSE ORGANIZATIONS IN THE ARCTIC ENGAGED IN PRODUCTION OF ARTS AND CRAFTS, RETAIL STORES, FUR TRADING, COMMERCIAL FISHING, CONSTRUCTION, AND PROVISION OF MUNICIPAL SERVICES. COMMERCIAL SUCCESS OF INUIT ART HAS IN PART BEEN MADE POSSIBLE BY DINA SUPPORT OF CANADIAN ARCTIC PRODUCERS WHICH IS CENTRAL MARKETING SERVICE FOR ART PRODUCING COOPERATIVES OF REGION. SALES BY COMPANY HAVE INCREASED FROM OVER DOLS 1 MILLION IN 1970 TO OVER DOLS 2.6 MILLION IN 1975.

(7) INUIT CULTURAL DEVELOPMENT: GOC CULTURAL OBJECTIVES ARE: TO ACHIEVE NATIONAL AND INTERNATIONAL RECOGNITION
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OF INUIT ART AND ARTISTS; TO PROMOTE AND PRESERVE THE CULTURE; TO ENCOURAGE INUIT ARTISTS, WRITERS AND CRAFTSMEN TO LEAD PROMOTION AND DEVELOPMENT OF THEIR CULTURE; TO DEVELOP A BODY OF INUIT LITERATURE; TO PROVIDE CULTURAL AND LINGUISTIC ASSISTANCE; TO ENCOURAGE INUIT PARTICIPATION IN PERFORMING ARTS. A MAJOR PROGRAM OF NATIONAL AND INTERNATIONAL EXHIBITIONS BEGUN BY GOC IN 1970 HAS RESULTED IN AN EVER INCREASING DEMAND FOR INUIT ART. GOC AND INUIT TAPIRISAT OF CANADA (THE ESKIMO BROTHERHOOD) HAVE UNDERTAKEN STUDY AIMED AT REVISING AND STANDARDIZING WRITING SYSTEMS FOR INUKTITUT WHICH IT IS HOPED WILL GREATLY INCREASE EFFECTIVE WRITTEN COMMUNICATION AMONG THE INUIT. GOC HAS ALSO PROVIDED GRANTS TO SUPPORT GROUPS AND INDIVIDUAL INUIT IN OTHER CULTURAL PROJECTS SUCH AS PUBLISHING INUIT LITERATURE, TRAVEL AND EXCHANGE PROGRAMS AND FILM MAKING. LOCAL NEWSPAPERS IN INUKTITUT AND ENGLISH HAVE ALSO BEEN ENCOURAGED UNDER THE CULTURAL DEVELOPMENT PROGRAM.

(8) COMMUNICATIONS: COMMUNICATION BETWEEN SETTLEMENTS AND WITH OUTSIDE WORLD HAS BEEN REVOLUTIONIZED BY ESTABLISHMENT OF ANIK SATELLITE TELEPHONE NETWORK WHICH COVERS ABOUT 50 PERCENT OF HIGH ARCTIC POPULATION AND HAS REPLACED MUCH OF THE TRADITIONAL HF RADIO-PHONE SYSTEM WHICH SUFFERED FROM SERIOUS INTERFERENCE PROBLEMS. ANIK, LAUNCHED IN 1972 ALSO CARRIES CBC NORTHERN TELEVISION AND RADIO BROADCASTS IN INUKTITUT AND ENGLISH. TV PROGRAMS IN INUKTITUT CURRENTLY LIMITED TO HALF-HOUR A WEEK. GOC HOPES EXPAND NATIVE LANGUAGE BROADCASTING FOR SELF-COMMUNICATION AS WELL AS BROADEN UNDERSTANDING OF OUTSIDE WORLD BY NORTHERN COMMUNITIES THROUGH ENGLISH

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BROADCASTING.

(9) INUIT ASSOCIATIONS: CORNERSTONE OF GOVERNMENT EFFORTS TO RETAIN AND PRESERVE INUIT CULTURE HAS BEEN ITS FINANCIAL SUPPORT BEGINNING IN 1971 OF NATIVE ASSOCIATIONS. THEY REPRESENT EACH REGION AND GROUP OF COMMUNITIES NORTH OF THE TREE LINE AND ARE THE FOUNDATION OF SELF-HELP EFFORTS IN SOCIAL, ECONOMIC AND CULTURAL DEVELOPMENT. ASSOCIATIONS INCLUDE COMMITTEE FOR ORIGINAL PEOPLES' ENTITLEMENT (COPE) IN WESTERN ARCTIC; NORTHERN QUEBEC INUIT ASSOCIATION (NQIA); LABRADOR INUIT ASSOCIATION (LIA); BAFFIN REGION INUIT ASSOCIATION (BRIA); KEEWATIN INUIT ASSOCIATION AND KITIKMEOT INUIT ASSOCIATION FOR CENTRAL ARCTIC. EACH OF THESE REGIONAL ASSOCIATIONS HAS A VOICE IN INUIT TAPIRISAT OF CANADA (ITC), THE NATIONAL ORGANIZATION WITH HEADQUARTERS IN OTTAWA. (NOTE: ALTHOUGH ITC'S AUTHORITY HAS BEEN CHALLENGED BY RECENT COPE DECISION TO SUBMIT SEPARATE CLAIM FOR WESTERN ARCTIC INUIT, ITS INFLUENCE IS STILL STRONG. ITC STILL MAINTAINS ALLEGIANCE OF OTHER REGIONAL INUIT ORGANIZATIONS.) ALL HAVE BEEN INSTRUMENTAL IN MOVEMENT TO RETAIN AND PRESERVE

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NATIVE CULTURE AND TRADITIONAL VALUES, PROMOTE SOCIAL

IMPROVEMENTS FOR INUIT, AND MOST IMPORTANTLY, SECURE ABORIGINAL RIGHTS AND ESTABLISH LAND CLAIMS.

C. FINANCIAL COST: TAKEN TOGETHER THESE PROGRAMS CONSTITUTE A MASSIVE SOCIAL, ECONOMIC AND CULTURAL SUBSIDY FOR INUIT. FOLLOWING TABLE SHOWS ACTUAL 1973/74 AND PLANNED 1976/77 EXPENDITURES BY ALL FEDERAL GOVERNMENT AGENCIES OPERATING IN NORTH AND BY GNWT TO SUPPORT INDIAN AND INUIT PEOPLES. FIGURES ARE IN THOUSANDS OF DOLLARS:

PROGRAM ELEMENT	ACTUAL 1973/4	PLANNED 1976/77
EVOLUTION OF GOVERNMENT	15,672	33,587
HOUSING	9,914	33,226
HEALTH AND WELFARE	30,175	59,981
EDUCATION	29,013	37,763
SOCIAL-CULTURAL DEVELOPMENT	12,701	23,044
COMMUNICATIONS AND INFORMATION	3,937	10,377
ALL OTHER	36,717	84,195
TOTAL	138,129	282,173

THERE IS NO PRECISE WAY TO BREAK DOWN THESE FIGURES TO SHOW EXACT PROPORTION SPENT ON INUIT IN NWT. HOWEVER, SOME PERSPECTIVE ON LEVEL OF SUPPORT PROVIDED FOR INUIT
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IS GAINED BY CALCULATING PER CAPITA 1976/77 EXPENDITURES ON THESE PROGRAMS FOR ALL 26,000 NATIVES (8,000 STATUS INDIANS, 3,000 NON-STATUS INDIANS, 2,000 METIS AND 3,000 INUIT) IN NWT. AMOUNT COMES TO SOMETHING OVER DOLS 10,000 PER CAPITA. CONSIDERING MOST INUIT STILL DERIVE SIGNIFICANT PROPORTION OF INCOME FROM TRAPPING, HUNTING OR FISHING (EITHER BY DIRECT CONSUMPTION OR RESALE), THIS SUBSIDY RAISES THEIR INCOME TO LEVELS THAT COMPARE FAVORABLY WITH THAT OF THE REST OF CANADA.

D. FINANCING CLAIMS SETTLEMENT: GOVERNMENT EXPENDITURES ABOVE DO NOT INCLUDE FUNDS SPENT IN DIRECT SUPPORT OF LEGAL ACTIONS AND DIRECT NEGOTIATIONS WITH OTTAWA BY

NATIVE PEOPLES TO DEFINE AND PROTECT RIGHTS THEY CLAIM
IN THE NORTH. FEDERAL GOVERNMENT HAS PROVIDED NEARLY DOLS
7 MILLION (DOLS 4.4 MILLION IN LOANS AND DOLS
2.5 MILLION IN GRANTS) TO NATIVE ORGANIZATIONS FOR THIS
PURPOSE. ITC, REPRESENTING THE INUIT, HAS BEEN BIGGEST
BENEFICIARY, RECEIVING MORE THAN DOLS 3.2 MILLION.

E. POLITICAL CONSEQUENCES: MORE SIGNIFICANT THAN THE
LEVEL OF FINANCIAL SUPPORT GOVERNMENT HAS CONTRIBUTED
TO ASSISTING NATIVE PEOPLES IN DELINEATING THEIR CLAIMS
IS FACT THAT GOC AT BEGINNING CLAIMS PROCESS HANDED
NATIVE ASSOCIATIONS A POLITICAL BLANK CHECK AS WELL. GOC
IN EFFECT UNDERWROTE FORMULATION OF CLAIMS WITHOUT SETTING
FORTH AT BEGINNING WHAT BASIC TERMS OF REFERENCE FOR
EVENTUAL SETTLEMENT MIGHT BE. LACKING SUCH TERMS AS A
FRAMEWORK FOR NEGOTIATIONS, NATIVE PEOPLES CLAIMS HAVE
BALLOONED INTO A SET OF DEMANDS WHICH IF ACCEPTED WILL
RESTRUCTURE THE NORTH. HEART OF THE MATTER IS THAT
NATIVE CLAIMS ARE BASED ON ALLODIAL TITLE. YUKON INDIAN,

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MACKENZIE VALLEY INDIAN (DENE), METI AND INUIT CLAIMS ALL
CONTAIN THIS ELEMENT. THE ALLODIAL CLAIM IS AN ABORIGINAL
CLAIM THAT DOES NOT ACKNOWLEDGE GOC SOVEREIGNTY. GOC
FINDS THAT WITH THE EXCEPTION OF THE DENE CLAIM (WHICH
CALLS FOR ESTABLISHMENT OF AN AUTONOMOUS INDIAN ETHNIC
STATE IN THE MACKENZIE VALLEY) NATIVE DEMANDS ARE
ACCEPTABLE IN THAT THEIR ECONOMIC PROVISIONS ARE REASON-

ABLE AND THEY IMPLY A PROGRESSION TOWARDS PROVINCIAL STATUS WITHIN THE CONTEXT OF CANADA. THE INUIT CLAIM, FOR EXAMPLE, WOULD ESTABLISH SELF-GOVERNING ENTITY CALLED "NUNAVUT" AND GIVE INUIT A BIG SLICE OF RESOURCE DEVELOPMENT ACTION. THE STICKING POINT IN THE NEGOTIATIONS, HOWEVER, IS THAT THE GOVERNMENT WOULD LIKE TO SETTLE THE CLAIMS ALONG THE LINES OF THE JAMES BAY AGREEMENT WHICH EXTINGUISHED NATIVE ABORIGINAL CLAIMS IN EXCHANGE FOR FEE-SIMPLE OWNERSHIP OF LAND AND SPECIFIED HUNTING RIGHTS ON DESIGNATED LANDS. THE NATIVES WILL RESIST THIS. IT IS LIKELY THAT THE BEST THE GOVERNMENT CAN HOPE TO ACHIEVE IS A COMPROMISE WHICH WILL GIVE POLITICAL GUARANTEES TO NATIVES SHORT OF AUTONOMY OR INDEPENDENCE, ACCOMMODATE THEIR ECONOMIC PROPOSALS, AND

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THUS PROVIDE MOST OF THE BENEFITS OF AN ALLODIAL CLAIM WITHOUT ACTUALLY RECOGNIZING IT. IF NEGOTIATIONS FAIL TO ACHIEVE SUCH A COMPROMISE, NATIVES WILL CONTINUE TO PRESS THEIR ABORIGINAL CLAIM AND THUS CONFRONT GOC WITH PROTRACTED AND POTENTIALLY VERY UGLY STRUGGLE OVER NATIVE RIGHTS. (SEE OTTAWA A-168, MARCH 12, 1976.)

F. GOVERNMENT'S PREDICAMENT IS FURTHER COMPLICATED BY FRAGMENTED NATURE OF NATIVE ORGANIZATIONS. VARIOUS INUIT REGIONAL ORGANIZATIONS REPRESENTED IN ITC SUBMITTED NUNAVUT PROPOSAL IN FEBRUARY 1976 BUT WITHDREW IT SEPTEMBER 1976. THIRTEEN ITC FIELD WORKERS ARE NOW TOURING ARCTIC COMMUNITIES TRYING BETTER TO DEFINE WHAT INUIT PEOPLE WANT EXPRESSED IN THEIR CLAIM. IN WESTERN ARCTIC PRESSURES BUILDING UP OVER IMPENDING MACKENZIE VALLEY PIPELINE DECISION RESULTED IN A DECISION BY COPE TO BREAK AWAY FROM ITC AND SUBMIT A SEPARATE CLAIM. THESE SAME PRESSURES ARE IN TURN FRAGMENTING COPE ITSELF WHICH HAS LOST SUPPORT TO NEWLY CREATED WESTERN ARCTIC INUPIAT ASSOCIATION (WAIA) COMPOSED OF INUIT WHO FAVOR ECONOMIC DEVELOPMENT. GNWT SOURCE NOW ESTIMATES THAT ONE-THIRD OF WESTERN ARCTIC INUIT SUPPORT COPE, ONE-THIRD SUPPORT WAIA, AND ONE-THIRD ARE UNCOMMITTED. SOMEHOW IN THIS CONFUSED SITUATION GOC MUST CLEARLY ASSERT TO NATIVE GROUPS ITS DETERMINATION TO MAINTAIN A DEGREE OF POLITICAL CONTROL IN THE NORTH CONSISTENT WITH OVERALL NATIONAL INTEREST AND NORMAL PROGRESSION TOWARD PROVINCIAL STATUS. RUB IS THAT IN DOING SO IT MAY HAVE TO DEFY EXPRESSED WILL OF NATIVE ASSOCIATIONS ON THIS ISSUE, AND THEREBY NULLIFY OUTCOME OF POLITICAL PROCESS IT INITIATED AND SUPPORTED. GOC WOULD THUS BE SEEN AS RENEGING ON EARLIER POLITICAL COMMITMENT TO NATIVE PEOPLES. COST TO THE GOVERNMENT AND LIBERAL PARTY OF THIS SEEMING TURNABOUT COULD BE VERY HIGH.

7. RESOURCE FUTURE OF HIGH ARCTIC

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A. MINERAL DEPOSITS: MINERAL EXPLORATION OF THE HIGH ARCTIC BEGAN WITH EARLY EUROPEAN VOYAGES TO THE REGION BUT VIRTUALLY NOTHING WAS KNOWN ABOUT ITS POTENTIAL UNTIL GOC BEGAN SERIOUS EXPLORATION FOR MINERALS AROUND TURN OF CENTURY. SINCE THEN IRON, ZINC AND LEAD DEPOSITS OF COMMERCIAL VALUE HAVE BEEN FOUND BUT FULL POTENTIAL OF THE REGION HAS ONLY BEGUN TO BE DELINEATED. EFFORTS TO DATE TO DEVELOP THESE RESOURCES INDICATE THAT FOR A LONG TIME TO COME ONLY THE RICHEST OR LARGEST DEPOSITS ARE LIKELY TO BE DEVELOPED. MOST IMPORTANT KNOWN COMMERCIALY VIABLE DEPOSTS ARE:

(1) MARY RIVER IRON DEPOSIT: THIS VERY HIGH GRADE (60 PERCENT PLUS) 300 MILLION TON IRON DEPOSIT IS LOCATED ABOUT 60 MILES FROM MILNE INLET ON BAFFIN ISLAND. PROPERTY IS OWNED BY BAFFIN ISLAND IRON MINES. DEVELOPMENT WAS EVALUATED IN 1965 AND AGAIN IN 1968. PROJECT WAS DEEMED NOT FEASIBLE BECAUSE OF SHORT SHIPPING SEASON AND BECAUSE IT REQUIRED INVESTMENT IN EXTENSIVE INFRASTRUCTURE: 60 MILES OF RAILWAY, A HIGHWAY AND HARBOR FACILITIES. DEVELOPMENT OF THIS DEPOSIT MUST AWAIT CONSTRUCTION OF VERY LARGE ICE-BREAKING, BULK-ORE CARRIERS. THESE PROBABLY WILL NOT BE CONSTRUCTED WITHOUT GOC SUBSIDY.

(2) LITTLE CORNWALLIS ISLAND LEAD-ZINC DEPOSIT: ARVIK MINES (OWNED 75 PERCENT BY COMINCO LTD. AND 25 PERCENT BY BANKENO MINES) ESTIMATES THIS DEPOSIT, LOCATED 60 MILES NORTHWEST OF RESOLUTE, CONTAINS 25 MILLION TONS OF ORE AVERAGING 14.1 PERCENT ZINC AND 4.3 PERCENT LEAD. ARVIK DECIDED IN JUNE 1976 TO DEFER DEVELOPMENT OF

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INFO AMCONSUL MONTREAL

ALL OTHER AMCONSULS CANADA (POUCH)

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DEPOSIT BECAUSE IT FELT CONDITIONS IMPOSED BY GOC WOULD
ESCALATE ALREADY HIGH RISKS OF OPERATING IN HIGH ARCTIC.

(3) STRATHCONA SOUND LEAD-ZINC DEPOSIT (NANISIVIK MINE):
BILLED BY DINA AS A PILOT PROJECT TO EVALUATE POSSIBILITY
OF LINKING INUIT ECONOMIC AND SOCIAL DEVELOPMENT TO
MINERAL EXTRACTION IN THE HIGH ARCTIC, NANISIVIK MINE IS
THE NORTHERNMOST METAL MINE IN THE WORLD. MINE IS OWNED
AND OPERATED BY MINERAL RESOURCES INTERNATIONAL (MRI),
A CONSORTIUM OF WEST GERMAN AND DUTCH FIRMS AND GOC.
PROJECT IS BEING CARRIED OUT UNDER TERMS OF AGREEMENT
BETWEEN MRI AND FEDERAL GOVERNMENT. TOGETHER WITH GNWT,
FEDERAL GOVERNMENT HAS AGREED TO SPEND DOLS 18.3 MILLION
ON THE MINE TOWNSITE, ROAD, AIRPORT, DOCK, NURSING STATION,
SCHOOL AND HOUSING. DOLS 10.6 MILLION WILL BE RETURNED
AS REPAYMENT OF LOANS AND RENT ON SOME OF FACILITIES.
GOC HOLDS 18 PERCENT EQUITY IN MRI AND NAMES TWO MEMBERS
OF MRI BOARD OF DIRECTORS. ESTIMATED CAPITAL COSTS OF
PROJECT ARE ABOUT DOLS 60 MILLION. UNDERGROUND MINING
BEGAN IN JULY 1976. AS OF NOVEMBER 1976, 70,000 METRIC
TONS OF ORE WERE MINED FROM ESTIMATED SIX MILLION TON ORE
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BODY. ZINC CONCENTRATES WERE FIRST PRODUCED SEPTEMBER 30,
1976 AND BY NOVEMBER 1976 11,643 METRIC TONS OF ZINC
CONCENTRATES AND 1,366 METRIC TONS OF LEAD CONCENTRATES
WERE PRODUCED. EVENTUALLY, CONCENTRATES WILL BE SHIPPED
AT RATE OF ABOUT 150,000 TONS PER YEAR. LIFE OF MINE IS
ESTIMATED AT 12 YEARS. PROVIDING INUIT EMPLOYMENT AT
MINE IS CRITICAL ELEMENT OF MRI-GOC AGREEMENT. MRI WILL
TRY TO REACH INUIT EMPLOYMENT LEVEL OF 60 PERCENT OF TOTAL
MINE WORK FORCE. AS OF DECEMBER 1976, RATE WAS 37
PERCENT. INUIT WORK IN CARPENTRY, ADMINISTRATION, UNDER-
GROUND MINING, MILLING, MOBILE EQUIPMENT OPERATION,
MECHANICAL MAINTENANCE AND WAREHOUSING. MOST INUIT
EMPLOYEES ARE FROM NEARBY ARCTIC BAY SETTLEMENT. REMAINDER
ARE PREDOMINANTLY FROM OTHER BAFFIN ISLAND COMMUNITIES.

OTHER EMPLOYMENT INDIRECTLY ASSOCIATED WITH NANISIVIK MINE IS PROVIDED BY INUIT CO-OP GENERAL STORE, AIRPORT TAXI SERVICE AND AIRPORT AND ROAD MAINTENANCE.

B. MINERAL TRANSPORTATION: ZINC-LEAD CONCENTRATES PRODUCED AT NANISIVIK MINE AND AT ARVIK POLARIS MINE, SHOULD IT BEGIN PRODUCTION, WILL BE SHIPPED ABOARD A 28,000 TON ICE-BREAKING BULK-CARGO CARRIER DUE TO ENTER SERVICE IN 1978. SHIP WILL BE OPERATED BY CONSORTIUM, 51 PERCENT OWNED BY GOC. VESSEL WILL COST DOLS 39 MILLION AND IS INTENDED AS MODEL FOR LARGER ICE-BREAKING VESSELS WHICH MAY BE NEEDED TO MOVE GAS AND OIL OUT OF HIGH ARCTIC.

C. OIL AND GAS -- PANARCTIC OILS LTD.: SEARCH FOR OIL AND GAS IN CANADA'S ARCTIC ISLANDS BEGAN IN 1960, SHORTLY AFTER FEDERAL GOVERNMENT OPENED AREA FOR EXPLORATION. INITIAL EFFORTS TO ASSEMBLE CAPITAL AND FORM EXPLORATION GROUP FAILED TO GENERATE SUFFICIENT INDUSTRY SUPPORT. QUESTIONS WERE RAISED AS TO AVAILABILITY OF MARKETS, FEASIBILITY OF TRANSPORTATION AND WHETHER, IN FACT, PROJECT WAS PREMATURE. AS COMPANIES WITHDREW, PROJECT CONFIDENTIAL

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ALMOST FOUNDERED. SITUATION FIRMED WHEN GOC DECIDED TO INCREASE ITS DOLLAR PARTICIPATION AND ACTUALLY ACQUIRE 45 PERCENT OF EQUITY OF THE COMPANY PROVIDED INDUSTRY WOULD PURCHASE 55 PERCENT ON SAME BASIS. INDUSTRY AGREED AND TODAY PANARCTIC CONSORTIUM INCLUDES 19 INDUSTRY PARTICIPANTS AND GOC. COMINCO LTD., PANCANADIAN PETROLEUM LTD., INCO, NORANDA MINES AND DOME PETROLEUM ARE AMONG MAJOR PRIVATE MEMBERS. PANARCTIC HAS ACQUIRED LAND HOLDINGS UP TO 81 MILLION GROSS ACRES IN REGION. SUCH A VAST AREA CANNOT BE EXPLORED BY PANARCTIC ALONE SO IT HAS FARMED OUT A RELATIVELY SMALL PERCENTAGE OF ITS LAND FOR EXPLORATION BY OTHER GROUPS OF COMPANIES.

D. EXPLORATION: FIRST GAS DISCOVERY OCCURRED IN JULY 1969 AT DRAKE POINT ON MELVILLE ISLAND. NEXT ONE WAS ON KING CHRISTIAN ISLAND IN 1970. ANOTHER MAJOR GAS DISCOVERY FOLLOWED IN 1971 AT KRISTOFFER BAY ON ELLEF RIGNES ISLAND. AT THIS POINT EXPLORATION SURGED AS RESULT OF AGREEMENT WITH FOUR UNITED STATES GAS MARKETERS TO PROVIDE DOLS 75 MILLION FOR EXPLORATION AND DEVELOPMENT IN EXCHANGE FOR FIRST RIGHT TO NEGOTIATE PURCHASE OF GAS SURPLUS TO CANADIAN NEEDS. DURING 1972-1976 PERIOD PANARCTIC AND ITS PARTNERS HAVE SPENT DOLS 225 MILLION FOR EXPLORATION. AS A RESULT OF THESE DRILLING ACTIVITIES, MORE THAN 15 TCF OF PROVEN AND PROBABLE GAS RESERVES HAVE BEEN DELINEATED IN ARCTIC

ISLANDS AND IT IS NOW KNOWN THAT OIL IS PRESENT AT EDGE
OF THE SVERDRUP BASIN IN POTENTIALLY COMMERCIAL
QUANTITIES. (DEPARTMENT OF ENERGY, MINES AND RESOURCES
ESTIMATES THERE IS 90 PERCENT PROBABILITY THAT SVERDRUP
BASIN AND ARCTIC FOLD BELTS RESERVES ARE 1.6 BILLION

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INFO AMCONSUL MONTREAL

ALL OTHER AMCONSULS CANADA (POUCH)

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BARRELS; THERE IS A 50 PERCENT PROBABILITY THAT RESERVES
ARE 3.8 BILLION BARRELS AND 10 PERCENT PROBABILITY OF
8.3 BILLION BARRELS. GEOLOGY OF REGION APPARENTLY
FAVORS GAS RATHER THAN OIL PRODUCTION.)

E. OIL AND GAS TRANSPORT: POLAR GAS PROJECT WAS CREATED
IN NOVEMBER 1972 TO STUDY FEASIBILITY CONSTRUCTING AS
PIPELINE SOUTH FROM ARCTIC ISLANDS. MEMBERS ARE:
PANARCTIC, TRANSCANADA PIPELINE LTD., TENNECO OIL AND
MINERALS LTD., PACIFIC LIGHTING GAS DEVELOPMENT CORP.
AND TEXAS EASTERN TRANSMISSION CORP. PROVINCE OF
ONTARIO AND FEDERAL GOVERNMENT WILL PARTICIPATE IN
PROJECT'S FEASIBILITY STAGE. GOC WILL PARTICIPATE THROUGH
PETRO-CANADA. POLAR GAS PLANS TO SUBMIT APPLICATION FOR
PIPELINE RIGHT OF WAY TO DINA IN LATE 1977 AND WILL
SUBMIT APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE
TO THE NATIONAL ENERGY BOARD IN SPRING 1978. PROJECT
OFFICIALS HAVE NOT YET DECIDED WHETHER ROUTE THEY WILL
APPLY FOR WILL FOLLOW EAST OR WEST SIDE OF HUDSON BAY.
FOLLOWING ESTIMATED COSTS (1974 DOLLARS) ARE PROJECTED
FOR ALTERNATE ROUTINGS:

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(1) 48-INCH LINE FOLLOWING WESTERN ROUTE: DOLS 7.5 BILLION. THRESHOLD LEVEL OF RESERVES REQUIRED FOR THIS PROJECT IS 30 TCF. THIS ALTERNATIVE IS LEADING CONTENDER.

(2) 48-INCH LINE FOLLOWING EASTERN ROUTE: DOLS 9 BILLION. THIS IS LEAST LIKELY ALTERNATIVE.

(3) 42-INCH LINE DOWN WEST SIDE OF HUDSON BAY TO TERMINATE NEAR WINNIPEG: DOLS 4.5 BILLION. THRESHOLD LEVEL OF RESERVES FOR THIS PROJECT IS 20 TCF.

(4) A "Y" LINE GAS PIPELINE LINKING MACKNEZIE DELTA GAS AND HIGH ARCTIC ISLANDS GAS AT BAKER LAKE WITH A SINGLE LINE FROM THAT POINT SOUTH WAS STUDIED BY GOC AND FOUND INFEASIBLE. LNG RAILWAY TANK CAR TRANSPORT WAS ALSO FOUND NOT COMPETITIVE WITH PIPELINE.

(5) LNG TANKERS: DURING LAST FOUR YEARS FEDERAL GOVERNMENT HAS CONDUCTED SEVERAL STUDIES OF TECHNICAL AND ECONOMIC FEASIBILITY OF YEAR-ROUND MARINE TRANSPORTATION IN THE HIGH ARCTIC. GOC NOW ACTIVELY CONSIDERING PROPOSALS BY INDUSTRY TO CONSTRUCT ICE-BREAKER AND LNG TRANSPORTATION SYSTEMS. NONE OF THESE PROPOSALS ARE INTENDED TO UNDERMINE THE VIABILITY OF POLAR GAS PROJECT. HOWEVER, A LNG TRANSPORTATION SYSTEM COULD PROVIDE PAN-ARCTIC AND OTHER FIRMS DEVELOPING GAS FIELDS IN THE NORTH WITH SOME CASH FLOW PRIOR TO OPERATION OF A PIPELINE AND DEVELOP ISOLATED RESERVES OF GAS THAT MIGHT NOT OTHERWISE BE DEVELOPED. IT IS ALSO POSSIBLE THAT IF PIPELINE COSTS CONTINUE TO ESCALATE TO A POINT WHERE IT MAY NOT BECOME ECONOMICALLY VIABLE, LNG TANKERS WOULD BE ONLY VIABLE MEANS TO DELIVER GAS TO SOUTHERN MARKETS.

F. GAS PLAY REMAINS QUESTIONABLE: ORIGINAL CONCERN EXPRESSED BY PETROLEUM INDUSTRY THAT HIGH ARCTIC HYDRO-
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CARBON DEVELOPMENT MIGHT BE PREMATURE DUE TO QUESTIONS ABOUT AVAILABLE MARKETS AND FEASIBILITY OF TRANSPORTATION IS STILL VALID TODAY. THIS IS PARTICULARLY TRUE OF GAS PLAY WHICH REMAINS QUESTIONABLE DUE TO HIGH COST OF DELIVERED PRODUCT IN THE SOUTH. ESTIMATES OF DELIVERED COST RANGE FROM DOLS 4 TO DOLS 6 PER MCF. AN LNG

TRANSPORTATION SYSTEM WOULD ENABLE EXPLOITATION OF EXISTING PROVEN AND PROBABLE RESERVES PROVIDED A MARKET COULD BE FOUND FOR THE PRODUCT. ESTABLISHMENT OF A MARKET FOR THIS GAS IN CANADA WOULD REQUIRE GOC TO SHIFT FROM POLICY OF UNIFORM PRICING TO FOLDED-IN PRICING. EXPORT TO THE UNITED STATES IS ALSO POSSIBLE BUT GIVEN HIGH PRICE OF GAS, ONLY LIKELY MARKET AT THIS TIME WOULD BE FOR PEAK SHAVING. SHOULD A HIGHER LEVEL OF RESERVES BE PROVED (20 TO 30 TCF) POLAR GAS LINE MAY BECOME FINANCABLE. PANARCTIC REGARDS POLAR GAS PROJECT AS COMPETITIVE WITH ARCTIC GASPROJECT WHICH OULD TAP FIELDS IN THE MACKENZIE DELTA AND PROVIDE GAS AT MUCH LOWER DELIVERED PRICE. PANARCTIC THEREFORE BELIEVES DEVELOPMENT OF HIGH ARCTIC GAS WILL BE DELAYED OR ACCELERATED DEPENDING ON GOC-USG DECISION ON MACKENZIE VALLEY PIPELINE. RESULT OF THIS UNCERTAINTY HAS BEEN A GRADUAL DOWNSWING IN EXPLORATION IN HIGH ARCTIC: MILES OF SEISMIC CONTROL PER YEAR PEAKED AT ABOUT 7,700 IN 1973 AND WERE DOWN TO 4,000 FOR 1976; DRILLING FOOTAGE ALSO PEAKED IN 1973 AT JUST UNDER 220,000 AND DROPPED TO ABOUT 70,000 IN 1976.

G. CRUDE OIL MARKETING: UNCERTAINTY OF GAS PLAY HAS FORCED PANARCTIC AND ITS JOINT-VENTURE PARTNERS TO EMPHASIZE OIL PRODUCTION AND MARKETING IN AN EFFORT TO GET SOME RETURN ON THEIR INVESTMENT OF APPROXIMATELY

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INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA (POUCH)

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DOLS 500 MILLION. CRUDE OIL FROM ARCTIC ISLANDS WOULD

BE MARKETING BY ICE-BREAKING TANKER AND SOME 250 TO 300 MILLION BARRELS OF RESERVES ARE REQUIRED FOR AN INITIAL 50,000 BARRELS PER DAY BY A SINGLE LARGE TANKER. PAN-ARCTIC HAS PLANS IN PROGRESS TO DELIVER THIS INITIAL VOLUME WITH PROVISIONS FOR EXPANSION TO 100,000 BARRELS PER DAY. CRUDE WOULD COME FROM BENT HORN FIELD ON CAMERON ISLAND, WHICH LIES IN A ZONE OF MOST DIFFICULT ICE CONDITIONS IN HIGH ARCTIC. PRELIMINARY ENGINEERING STUDIES INDICATE THAT OIL SHOULD BE EXPORTED BY PIPELINE FROM CAMERON ISLAND TO SOUTHEAST BATHURST ISLAND WHERE ICE CONDITIONS ARE MUCH LESS SEVERE. FROM A PORT FACILITY OPERATING YEAR-ROUND OIL COULD BE TRANSPORTED TO EASTERN CANADA BY ARCTIC CLASS 7 ICE-BREAKING TANKER.

8. FUTURE OF HIGH ARCTIC

A. MASSIVE GOV SUBSIDY OF INUIT COMMUNITIES HAS TRANSFORMED INUIT POPULATION FROM NOMADIC HUNTERS INTO VILLAGE DWELLERS WHO CAN AT BEST ONLY PARTLY SUSTAIN THEMSELVES ON THE LAND. SOME NATIVE SETTLEMENTS IN CANADIAN NORTH, CONFIDENTIAL

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PARTICULARLY THOSE WHICH DERIVE INCOME CHIEFLY FROM ART PRODUCTION, APPROACH SELF-SUFFICIENCY AND ARE EVEN MILDLY PROSPEROUS. CAPE DORSET, FAMOUS FOR ITS ART, IS BEST EXAMPLE. BUT MOST NATIVE SETTLEMENTS GIVE IMPRESSION TO SOUTHERN VISITOR THAT THEY ARE NOT WORKING, ECONOMICALLY OR SOCIALLY VIABLE COMMUNITIES. RATHER, THEY APPEAR TO BE SOCIO-ECONOMIC "HOT-HOUSES" WHOSE INHABITANTS ARE PROTECTED FROM HARSH REALITIES OF NORTHERN ENVIRONMENT ONLY BY INFUSION OF LOGISTICAL SUPPORT FROM THE SOUTH. CONSUMERISM IN FORM OF SNOWMOBILES (DOG TEAMS HAVE ALMOST VANISHED IN CANADIAN ARCTIC), COLOR TVS AND EXPENSIVE HIGH-POWERED RIFLES ARE VISIBLE, EVEN CONSPICUOUS, WITHOUT EVIDENCE OF INCOME SOURCES COMMENSURATE TO SUPPORTING THIS LEVEL OF CONSUMPTION. THUS A SOCIETY THAT ONCE HAD TO CARRY ON A CONSTANT DESPERATE STRUGGLE MERELY TO FEED, CLOTHE AND HOUSE ITSELF AT A BASIC SURVIVAL LEVEL IN THE HARSH CLIMATE OF ANY INHABITED REGION ON EARTH NOW ENJOYS LIVING STANDARD WELL ABOVE THE SUBSISTENCE LEVEL. THESE COMMUNITIES ARE THUS ARTIFICIAL APPENDAGES OF WHITE MAN'S WORLD AND BECOMING INCREASINGLY DEPENDENT. OLD RELATIONSHIP WITH LAND WHICH WAS AT BEST A TENUOUS AND PERILOUS EXISTENCE IS NO LONGER VIABLE.

B. FORCES ARE AT WORK WHICH WILL MAKE PRESENT CANADIAN POLICY INCREASINGLY UNTENABLE. A HIGH BIRTH RATE AND AN EXTRAORDINARILY YOUNG AGE DISTRIBUTION IN THE POPULATION MEANS THAT DEMAND FOR JOBS FOR INUIT WILL COME TO DOMI-

NATE ECONOMIC AND SOCIAL POLICY IN HIGH ARCTIC OVER THE NEXT 20 YEARS. (NOTE: IN ORDER TO ASSESS MAGNITUDE OF POTENTIAL POPULATION PRESSURES AMONG INUIT EMBASSY CONSULTED WITH DINA PLANNING OFFICIALS. THEY ESTIMATE THAT GROWTH RATE FOR TOTAL POPULATION OF NWT IS 2.5 PERCENT. FOR INUIT ALONE RATE HAS PEAKED AT 3.5 TO 4.0 PERCENT AND IS GOING DOWN SLOWLY. ASSUMING THAT INUIT POPULATION GROWTH RATE WILL DECLINE TO THE POINT WHERE
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ITS AVERAGE EQUALS PRESENT RATE FOR WHOLE NWT POPULATION, THE PRESENT POPULATION OF 13,000 INUIT WILL INCREASE TO 21,000 BY 1997.) THIS WILL BE ACCELERATED AS VERY YOUNG POPULATION ACQUIRES EVEN MORE MODERN EDUCATION AND IS FURTHER ESTRANGED FROM TRADITIONAL LIFE STYLE. THUS FEDERAL GOVERNMENT WILL COME UNDER INCREASING PRESSURE TO INTEGRATE INUIT COMMUNITIES IN NORTH MORE FULLY INTO NATIONAL ECONOMY OR MORE INUIT WILL WANT TO EMIGRATE TO SOUTH -- WHICH THEY HAVE NOT DONE TO ANY SIGNIFICANT DEGREE SO FAR BUT PROBABLY WILL AS POPULATION PRESSURES RISE.

C. HOWEVER, CURRENT PRESSURES AMONG INUIT FOR INTEGRATION ARE MINIMAL. PRESENT GENERATION OF INUIT LEADERS -- SOME OF WHOM ARE QUITE YOUNG -- IS SEEKING THROUGH THE CLAIMS PROCESS TO PROTECT THE TRADITIONAL LIFE STYLE, AND GOC SUCCESS IN DEVELOPING AN ALTERNATIVE TO PRESENT SOCIAL POLICY COULD VERY MUCH BE INFLUENCED BY TERMS OF INUIT CLAIMS SETTLEMENT. TO EXTENT THAT CLAIMS SETTLEMENT ENABLES INUIT TO PERPETUATE THEIR SOCIAL, ECONOMIC AND CULTURAL ISOLATION WITH REVENUES FROM RESOURCE DEVELOPMENT SUPPORTING A STILL LARGELY DEPENDENT POPULATION, INUIT WILL CONTINUE TO REMAIN IN LIMBO BETWEEN WHITE MAN'S WORLD AND FORMER TRADITIONAL LIFE STYLE.

D. PACE AND OUTCOME OF RESOURCE DEVELOPMENT ALSO DEPENDS ON NATURE OF ULTIMATE SETTLEMENT OF INUIT CLAIMS. INUIT ARE DETERMINED TO CONTROL QUALITY AS WELL AS PACE OF CHANGE IN NORTH. COMMUNITIES FEAR PETROLEUM DEVELOPMENT AND PIPELINE CONSTRUCTION. LIKE INUIT AND INDIANS IN THE MACKENZIE VALLEY, EASTERN ARCTIC INUIT ARE CONCERNED

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C O N F I D E N T I A L SECTION 09 OF 09 OTTAWA 03519

THAT CONSTRUCTION OF POLAR GAS PIPELINE WOULD DISRUPT
WHAT IS LEFT OF THEIR ABILITY TO EARN A LIVELIHOOD FROM
THE LAND AND PUT ECONOMIC AND SOCIAL PRESSURES ON
COMMUNITIES AND FAMILIES THAT THEY COULD NOT SUSTAIN.
THIS FEAR IS PERHAPS EVEN MORE PRONOUNCED IN EASTERN
ARCTIC WHERE CONTACT WITH OUTSIDE WORLD IS MORE RECENT
THAN IN WESTERN ARCTIC OR ALASKA AND INUIT HAVE EVEN LESS
UNDERSTANDING AND SOPHISTICATION IN DEALING WITH
INTRUSIONS OF WHITES INTO THEIR REGION. THUS, IT IS
POSSIBLE THAT POLAR GAS PROJECT COULD MEET SAME OR HIGHER
LEVEL OF RESISTANCE THAN ARCTIC GAS IS NOW EXPERIENCING
IN MACKENZIE VALLEY AND THAT CONDITIONS PLACED ON ITS
CONSTRUCTION BY NUNAVUT CLAIM COULD THREATEN PROJECT'S
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Message Attributes

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Secure: OPEN
Status: NATIVE
Subject: THE INUIT LANDS OF CANADA'S HIGH ARCTIC
TAGS: ENRG, PBOR, PDEV, PINT, SENV, SGEN, CA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/5eb58a99-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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